COMMENTS OF THE LOW INCOME UTILITY ADVOCACY PROJECT
TO THE ILLINOIS COMMERCE COMMISSION
REGARDING THE UTILITY IMPLEMENTATION PLANS
MAY 5, 2005

The Low Income Utility Advocacy Project ("LIUAP") makes the following comments on the implementation plans submitted by Commonwealth Edison Company ("ComEd") and AMREN. LIUAP has previously commended the Governor's initiative that has led to the filing of these plans.

UNIQUE BARRIES PREVENT LOW-INCOME CUSTOMERS FROM PARTICIPATING IN COST BENEFICIAL EFFICIENCY PROGRAMS. THE IMPLEMENTATION PLANS DO NOT ADEQUATELY ADDRESS THIS.

Low-income households have barriers to participation that other households do not face due to their lack of income. A second barrier results from the fact that low-income customers are more likely to be renters.

One approach to addressing these problems is the Pay As You Save ("PAYS") program (information on this program can be found at www.paysmaerica.org). This program also fits with the call of the Governor to have a market driven approach to efficiency. Essentially, under PAYS, a neutral body (the ICC, the utility, the state energy office, a non-profit, etc.) chooses efficiency measures that are (or could be) available in the market (e.g. at Lowe's or local hardware store, plumber, etc.) that have savings so robust that with ¾ of the savings per month over ¾ of the life o the measure, they would be paid off. The customer that installs them gets savings from the date of installation and gets all the savings once the measure is paid off. Big-ticket permanent items (insulation, e.g.) are paid for with charges that run with the meter, not the customer, so a renter does not have to worry that he/she will not be there long enough to benefit, or will have to pay for something but not get all the savings. The renter pays as he/she saves.

Under PAYS, the utility collects PAYS charges on the bill and remits the money to the efficiency vendor (or financier). The utility could be the vendor and/or the financier although other commentors have advanced good reasons for this function to be performed by an outside party.

Although denominated implementation plans, it would be fairer to consider the utility filings to be frameworks, and within this realm, they represent credible first efforts. It may be that fuller versions of the plan will address the concerns raised by LIUAP either expressly or by other means. However, to the extent AMREN is proposing only educational programs for energy (as opposed to demand) reduction among low-income residential customers, AMREN's proposal must be rejected. ComEd similarly seeks to limit its programs to reduce energy usage. ComEd does this by proposing a limit on the impact to non-participants; the methodology used gives rise to speculation that ComEd choose the target amount of energy savings it was willing to accept and worked backwards to the limit of a 0.6% impact on rates. This created constraint should be examined carefully.

Whatever cost effectiveness test is used should quantify and credit reduced bad debt among low-income customers. Customers with the lowest income and highest energy usage contribute disproportionately to utility bad debt. This is only common sense. Reducing bills to affordable levels through energy efficiency programs targeted to these customers will yield reductions in bad debt, to the benefit of the utility and all its customers.

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